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1120 Connecticut Avenue NW
Suite 400
Washington, D.C. 20036
(202) 776-1550
(202) 776-1555 Fax

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

September 23, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: *Ex Parte* – CC Docket Nos. 96-45 and 97-160
Universal Service Cost Models

Dear Mr. Caton:

On September 3, 1997, the Commission released a Public Notice[1] in which staff provided "guidance to the model proponents on ... issues relating to switching, interoffice trunking, signaling, and local tandem investment."[2] This Public Notice reflects tentative FCC Common Carrier Bureau staff conclusions that have been informed by pleadings filed by numerous parties including WorldCom. The document does not address two issues that were discussed in these pleadings. Because there is no formal way to seek clarification of a Public Notice, WorldCom raised these issues at a subsequent weekly cost model workshop and was advised to record its concerns in an *Ex Parte* filing.

"The Bureau recommends that the models permit individual switches to be identified as host, remote, or stand-alone."[3] WorldCom agrees, but also suggests the Bureau expressly adopt a policy that every wire-center need not have a switch (whether host, remote, or stand-alone) physically located in that wire-center. In other words, while still using existing wire-centers as loop aggregation points, the contesting models should place switches only where they are economically justified. WorldCom believes there are numerous wire-centers that are too small to justify a local switch. Rather, the loops should be connected by digital loop carrier (fiber optic technology) or subscriber line carrier (T1 on copper technology) to a nearby wire-center where total demand may warrant a local switch.

[1] FCC Public Notice, DA 97-1912, Released September 3, 1997.
[2] Id. at 2.
[3] Id. at 2.

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WorldCom believes Bureau staff did not intend to exclude such an outcome. But, because this option is not included in the switch placement algorithm, WorldCom fears the models will use dissimilar methods to determine switch placement and will, therefore, produce dissimilar results. WorldCom respectfully requests the Bureau to amend or supplement its Public Notice expressly to include the "no-switch" option. If the Bureau includes the "no-switch" option, it should clarify that the interoffice trunking, signaling and tandem networks obviously should not be designed to provide such facilities to any wire-center that has no switch. The Bureau also should specify the types of trunk groups that must be provisioned from each office including E911, DA, and operator trunk groups as well as completing local, toll, and tandem trunk groups.

Finally, "the Bureau recommends that the model's algorithms for determining switch size should include switch capacity constraints based on (1) number of lines; (2) number of busy-hour call attempts; and (3) busy-hour traffic".[4] WorldCom agrees. But, the Bureau has not collected sufficiently detailed user demand information to properly calculate such capacity constraints. Our concern is that business data is too aggregated to be useful. The Bureau separated line demand into residence, business and special categories. But, the business category includes single line and multi-line business. Multi-line itself includes Centrex and PBX as well as key customers. Each of these has significantly different busy hour call characteristics. Local switch design will be affected by the mix of these line types in any office. For example, an office with heavy PBX usage will have relatively less intraoffice calling because a large portion of such calls will never leave the PBX operator's premises while a Centrex dominated office must be designed to switch the relatively large volume of intra-business calling typical in large businesses. So, busy-hour call attempts, busy-hour usage and the proportion of intraoffice calling may vary significantly depending on the type of business lines actually connected to the switch.[5] WorldCom respectfully asks the Bureau to consider refining its demand algorithm to reflect different types of business lines.

Thank you,

David N. Porter

David N. Porter
Vice President – Government Affairs

cc: Chuck Keller, FCC

[4] Id. at 4.

[5] Obviously, the proportion of PBX customers also will affect the number of loops that must be provided. While Centrex and other multi-line business customers use one loop per station, PBX customers use about one trunk (which requires one loop) for every ten stations. In large metropolitan areas, extensive PBX deployment should result in significantly reduced loop requirements. WorldCom believes neither of the competing cost models nor the Bureau's deliberations reflect this savings.